

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

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FM SECSTATE WASHDC

TO AMEMBASSY RANGOON

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E.O. 11652: N/A

TAGS: EGEN, BM

SUBJECT: AID CONSORTIUM FOR BURMA

REF: RANGOON 2777

1. SHORTLY AFTER FINANCE MINISTER U LWIN'S DEPARTURE, DEPARTMENT OFFICERS DISCUSSED THE PROPOSED AID CONSORTIUM WITH IBRD OFFICIALS. THE LATTER CONFIRMED THAT U LWIN PRESENTED THE BANK WITH A CONFIDENTIAL THREE-YEAR ECONOMIC PROGRAM TO RUN CONCURRENTLY WITH THE LAST TWO YEARS OF THE SECOND FOUR YEAR PLAN AND THE INITIAL YEAR OF THE THIRD PLAN, (FY'S 77 THROUGH 79). ALTHOUGH THE BANK OFFICERS WERE UNWILLING TO COMMENT ON SPECIFIC DETAILS, THEY NOTED THAT THE BURMESE PROGRAM TO BE CARRIED OUT UNDER A CONSORTIUM GAVE PRIORITY TO AGRICULTURAL, EXPORT, AND RAW MATERIALS DEVELOPMENT. THE PROGRAM, ON THE OTHER HAND, LACKED CONCRETE POLICIES FOR THE REALIZATION OF ITS GOALS AND CONTAINED LITTLE REGARDING REFORM. SOME MENTION, HOWEVER, WAS EVIDENTLY MADE CONCERNING THE

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REORGANIZATION OF STATE ENTERPRISES, SOME DECENTRALIZA-

TION OF ECONOMIC DECISION MAKING, AND MORE AUTONOMY TO LOCAL ECONOMIC UNITS. THE BURMESE ALSO TALKED ABOUT LOOSENING ADMINISTRATIVE PRICES AND MAKING THE PRICE SYSTEM MORE FLEXIBLE AND COMMERCIALY ORIENTED.

PACKAGE WAS DESCRIBED BY ONE OFFICER AS "KOSYGIN ONE".

2. BANK OFFICERS AFFIRMED THAT A SIX-PERSON ECONOMIC MISSION WOULD BE SENT TO BURMA IN OCTOBER AND NOVEMBER. THE TEAM WILL SEEK TO DISCUSS BURMA'S CRITICAL ECONOMIC NEEDS AND ENCOURAGE THE GUB TO DEVELOP RATIONAL REFORMS NEEDED TO MEET ITS PROPOSED ECONOMIC OBJECTIVES. STRESSING THAT THE BURMESE THEMSELVES MUST DRAW UP THE ACTUAL REFORMS, THE IBRD PEOPLE OBSERVED THAT "MEANINGFUL" REFORMS WOULD HAVE TO BE TAKEN BY THE GUB BEFORE THE BANK WOULD MOVE AHEAD ON THE CONSORTIUM PROPOSAL.

3. ON THE BASIS OF OUR DISCUSSIONS, IT WOULD APPEAR THAT THE BURMESE CHARACTERIZATION THAT THE IBRD TEAM'S MISSION IS TO "WRAP UP DETAILS" IS PREMATURE. MOREOVER, WE HAVE BEEN INFORMED THAT THERE WILL BE A FOLLOW-UP BANK MISSION TO BURMA NEXT SPRING AND THAT NO DEFINITE IBRD REPORT IS EXPECTED BEFORE EARLY SUMMER 1976. INGERSOLL

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